
FISCAL TOPICS

Fiscal Services Division

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Tax Credit: Charitable Conservation Contribution Tax

The Charitable Conservation Contribution Tax Credit is equal to 50.0% of the fair market value of qualified donated property. The credit is limited to no more than \$100,000 per contribution. The amount of the contribution to which the credit applies may not be taken as an Iowa income tax itemized deduction. Any contributed value in excess of the amount to which the credit applies may be taken as an itemized deduction.

To qualify, donated property must be a real property interest in property located in Iowa, and must be donated in perpetuity for a conservation purpose to a qualified organization, without conditions. The terms “conservation purpose,” “qualified organization,” and “qualified real property interest” are as defined in federal Internal Revenue Code (IRC) [§170\(h\)](#). This IRC section establishes the ability of federal taxpayers to deduct the value of conservation property donations from their federal individual income taxes. For purposes of the Charitable Conservation Contribution Tax Credit, donations made to obtain subdivision or building permits do not qualify.

The total amount of tax credits available in a year is not limited. Oversight is a function of Department of Revenue tax return auditing. The tax credit is not refundable or transferrable, but any unused portion may be carried forward for up to 20 tax years.

Tax Credit Background

- Enabling Legislation: [2008 Iowa Acts, chapter 1191](#) (Standing Appropriations Act of 2008)
- Iowa Code Citations:
 - [Section 422.11W](#) — Individual Income Tax
 - [Section 422.33\(25\)](#) — Corporate Income Tax
- Administrative State Agency: None
- Sunset Date: None
- Transferable: No
- Refundable: No
- Carryforward: Unredeemed credits may be carried forward for up to 20 tax years
- Legislative Tax Expenditure Committee Review Year: 2015

Tax Credit Review, Usage, and Future Liability

The Department of Revenue reviewed the Charitable Conservation Contribution Tax Credit in a report released in December 2015. Its findings were as follows:

- For tax years 2008 through 2013, a total of 138 claims for the credit were made, totaling \$6.3 million. In most instances, the credit will be redeemed by the taxpayer over a number of tax years.
- Taxpayers did not include sufficient information for 66 (47.8%) of the 138 contributions to be analyzed. Missing information includes the number of acres, land value, and the name of the qualified organization to which the property was donated. Due to the data limitations, a full review of this credit was not possible.

More Information

Department of Revenue Contingent Liabilities Report: tax.iowa.gov/report/Contingent-Liabilities

Department of Revenue Tax Credit Review:
[tax.iowa.gov/sites/files/idr/Charitable Conservation Contribution Tax Credit Evaluation.pdf](http://tax.iowa.gov/sites/files/idr/Charitable%20Conservation%20Contribution%20Tax%20Credit%20Evaluation.pdf)

Department of Revenue Tax Credit Users' Manual: [tax.iowa.gov/sites/files/idr/Tax Credits Users Manual 2018.pdf](http://tax.iowa.gov/sites/files/idr/Tax%20Credits%20Users%20Manual%202018.pdf)

Legislative Services Agency Income Tax Guide: www.legis.iowa.gov/docs/publications/LG/711304.pdf

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- For the 72 contributions that could be analyzed with available data:
 - Over 9,000 acres of land valued at over \$19.0 million were donated.
 - Twenty-two percent of contributions met or exceeded the maximum allowed tax credit (\$200,000 in donated value, \$100,000 in tax credit).
 - The organizations receiving donations include the Iowa Natural Heritage Foundation, Nature Conservancy, and county governments.
 - The most utilized form of property donation was a conservation easement, followed by gifts and other bargain sales.

The Department of Revenue reports on the annual credit usage for the Charitable Conservation Contribution Tax Credit in its periodic [Contingent Liabilities Report](#). Based on Table 9 of that report, the following table and graph provide credit redemption history and projections for the Charitable Conservation Contribution Tax Credit. The blue bars of the graph indicate actual credit redemptions, while the red bars are Department of Revenue projections of future redemptions. Future redemptions include not only new donations, but also any carryforward credits from previous years.

Charitable Conservation Contribution Tax Credit History			
* Projected			
<u>Fiscal Year</u>	<u>Tax Credit Redemptions</u>	<u>Fiscal Year</u>	<u>Tax Credit Redemptions</u>
FY 2005	\$ 0	FY 2014	\$ 520,357
FY 2006	0	FY 2015	582,539
FY 2007	0	FY 2016	471,157
FY 2008	0	FY 2017	770,738
FY 2009	82,900	FY 2018	728,308
FY 2010	194,043	FY 2019*	759,052
FY 2011	622,053	FY 2020*	799,279
FY 2012	647,591	FY 2021*	832,938
FY 2013	843,611	FY 2022*	861,221
		FY 2023*	897,976

